Growth in Government expenditure

*236. SHRI GURUDAS DAS GUPTA:
SHRI CHATURANAN MISHRA:

Will the PRIME MINISTER be pleased to state:

(a) whether the Institute of Economic Studies (IES) has recently submitted a report to Government to the effect that Government expenditure has been growing at a faster rate than the national income, placing India in the category of very high-cost Governments; and

(b) if so, the details of the report?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) and (b) The Institute has sent a note to Government on expenditure. The note has presented published data on break-up of expenditure and has suggested reduction in Non-Plan expenditure. It has further suggested setting up of a full-fledged Expenditure Commission for carrying out an intensive expenditure management system.

Suggestion for withdrawal of import duty on capital goods

*237. DR. RATNAKAR PANDEY:
SHRI MAHENDRA PRASAD:

Will the PRIME MINISTER be pleased to state:

(a) whether Government's attention has been drawn to the reported suggestion made by the President of Punjab, Haryana and Delhi Chambers of Commerce and Industry to the effect that the import duty on capital goods should be withdrawn to help the industrial sector to modernise with super technology;

(b) whether Government have received any communication in this regard; if so, what are the details of the demands made therein; and

(c) what is Government reaction thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) to (c) The PHD Chamber of Commerce and Industry in its pre-Budget representation sought, withdrawal of import duty on capital goods and extension of "Project Import" to cover modernisation.

The Government cannot accept the suggestion of complete withdrawal of import duty on capital goods. We have a policy of allowing concessional duty for import of capital goods for priority sector like power, fertilizers, electronics, export industry etc. Upgradation of technology in selected industry has also been pursued through a package of measures including reduction in import duties. The measures in this regard announced in the recent budget include reduction in import duty of general machinery from about 101 per cent to 85 per cent *ad valorem* as well as reducing duty on special steel required for manufacture of machinery. The list of capital goods allowed at concessional rate for certain export sectors has also been enlarged and concessions announced for modernisation of select industries.

Seizure of gold at Kundli on Delhi-Haryana border

*238. SHRI MUKHTIAR SINGH MALIK:
SHRI MAHENDRA PRASAD:

Will the PRIME MINISTER be pleased to state:

(a) whether the Government's attention has been drawn to the news item which appeared in "The Hindustan Times" dated the 28th January, 1987 wherein it has been

stated that the detectives of the Directorate of Revenue Intelligence have seized 1200 Tolas of Contraband gold bearing Swiss markings worth Rs. 44 lakhs after intercepting a truck at Kundli on the Delhi-Haryana border on the 27th January, 1987; and

(b) if so, what action Government have taken against the culprits?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) and (b) The Government's attention has been drawn to the news-item under the caption "44 lakh worth gold seized" which appeared in "The Hindustan Times" dated the 28th January, 1987. The facts of the case are:—

On 27th January, 1987, in pursuance of an information, the officers of the Directorate of Revenue Intelligence, Delhi, intercepted one Truck No. PAT-1155 near Kundli on Delhi-Haryana border. The truck was laden with 13.9 tonnes of salt. As a result of the search of the truck, 150 foreign marked gold biscuits, of 10 tolas each, valued at Rs. 44 lakhs were found concealed in the cavity in the dashboard of the truck. The truck alongwith the gold and salt consignment, collectively valued at Rs. 46.75 lakhs were seized.

In this connection, four persons were arrested on 27th January, 1987, who were subsequently detained under the COFEPOSA Act.

Runpee term loan to Indian companies

*239. SHRIMATI RENUKA CHOWDHURY:
SHRI MUKHTIAR SINGH MALIK:

Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that Government have recently granted permission to the Indian financial Institution to give rupee term loans to the Indian companies with more than 40 per cent non-resident interest;

(b) whether simultaneous permission under FERA have also been granted for the acquisition and export of shares, and debentures by or to NRI investors while granting permission under Section 19(1)(D) of FERA to Indian companies.

(c) if so, what are the details thereof; and

(d) the extent to which it would be beneficial to the Indian businessmen?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS AND THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BRAHM DUTT): (a) Yes, Sir.

(b) Yes, Sir.

(c) Reserve Bank of India have granted general permission in November, 1966 under Section 26(7) of Foreign Exchange Regulation Act 1973 (FERA) to Financial Institutions to grant Rupee Term Loan for development purposes to Indian companies with more than 40 per cent non-resident interest.

Simultaneous permission under Section 29(1) (b) and 19(1) (a) of Foreign Exchange Regulation Act are also granted for acquisition and export of shares/debentures to NRI investors while granting permission under Section 19(1)(d) of Foreign Exchange Regulation Act to Indian companies.

(d) As a result of these general permission, the procedure has been simplified and avoidable delays cut down.